

<div>Form 5500</div> <div>Department of the Treasury Internal Revenue Service</div> <div>Department of Labor Employee Benefits Security Administration</div> <div>Pension Benefit Guaranty Corporation</div>	<div>Annual Return/Report of Employee Benefit Plan</div> <div>This form is required to be filed for employee benefit plans under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6047(e), and 6058(a) of the Internal Revenue Code (the Code).</div> <div>▶ Complete all entries in accordance with the instructions to the Form 5500.</div>	<div>OMB Nos. 1210-0110 1210-0089</div> <div>2009</div> <div>This Form is Open to Public Inspection</div>
--	--	---

Part I	Annual Report Identification Information
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009	
A This return/report is for:	<div><input type="checkbox"/> a multiemployer plan;</div> <div><input checked="" type="checkbox"/> a single-employer plan;</div> <div><input type="checkbox"/> a multiple-employer plan; or</div> <div><input type="checkbox"/> a DFE (specify) ____</div>
B This return/report is:	<div><input type="checkbox"/> the first return/report;</div> <div><input type="checkbox"/> the final return/report;</div> <div><input type="checkbox"/> an amended return/report;</div> <div><input type="checkbox"/> a short plan year return/report (less than 12 months).</div>
C If the plan is a collectively-bargained plan, check here. . . . .	<input type="checkbox"/>
D Check box if filing under:	<div><input checked="" type="checkbox"/> Form 5558;</div> <div><input type="checkbox"/> automatic extension;</div> <div><input type="checkbox"/> the DFVC program;</div> <div><input type="checkbox"/> special extension (enter description)</div>

Part II	Basic Plan Information—enter all requested information	
1a Name of plan	1b Three-digit plan number (PN) ▶	002
GRANGE INSURANCE ASSOCIATION SAVINGS & INVESTMENT PLAN		1c Effective date of plan
		03/01/1978
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.)	2b Employer Identification Number (EIN)	2c Sponsor's telephone number
GRANGE INSURANCE ASSOCIATION	91-6025140	206-448-4911
200 CEDAR STREET SEATTLE, WA 98121	200 CEDAR STREET SEATTLE, WA 98121	2d Business code (see instructions)
		524150

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report, and to the best of my knowledge and belief, it is true, correct, and complete.

SIGN HERE	Filed with authorized/valid electronic signature.	10/08/2010	SEAN MCGOURTY
	Signature of plan administrator	Date	Enter name of individual signing as plan administrator
SIGN HERE			
	Signature of employer/plan sponsor	Date	Enter name of individual signing as employer or plan sponsor
SIGN HERE			
	Signature of DFE	Date	Enter name of individual signing as DFE

<b>3a</b> Plan administrator's name and address (if same as plan sponsor, enter "Same") GRANGE INSURANCE ASSOCIATION  200 CEDAR STREET SEATTLE, WA 98121	<b>3b</b> Administrator's EIN 91-6025140  <b>3c</b> Administrator's telephone number 206-448-4911
--	---

  

<b>4</b> If the name and/or EIN of the plan sponsor has changed since the last return/report filed for this plan, enter the name, EIN and the plan number from the last return/report:  <b>a</b> Sponsor's name	<b>4b</b> EIN  <b>4c</b> PN
---	-----------------------------------

  

<b>5</b> Total number of participants at the beginning of the plan year	<b>5</b>	278
<b>6</b> Number of participants as of the end of the plan year (welfare plans complete only lines <b>6a</b> , <b>6b</b> , <b>6c</b> , and <b>6d</b> ).		
<b>a</b> Active participants.....	<b>6a</b>	197
<b>b</b> Retired or separated participants receiving benefits.....	<b>6b</b>	3
<b>c</b> Other retired or separated participants entitled to future benefits.....	<b>6c</b>	159
<b>d</b> Subtotal. Add lines <b>6a</b> , <b>6b</b> , and <b>6c</b> .....	<b>6d</b>	359
<b>e</b> Deceased participants whose beneficiaries are receiving or are entitled to receive benefits.....	<b>6e</b>	2
<b>f</b> Total. Add lines <b>6d</b> and <b>6e</b> .....	<b>6f</b>	361
<b>g</b> Number of participants with account balances as of the end of the plan year (only defined contribution plans complete this item).....	<b>6g</b>	356
<b>h</b> Number of participants that terminated employment during the plan year with accrued benefits that were less than 100% vested.....	<b>6h</b>	0
<b>7</b> Enter the total number of employers obligated to contribute to the plan (only multiemployer plans complete this item) .....	<b>7</b>	

**8a** If the plan provides pension benefits, enter the applicable pension feature codes from the List of Plan Characteristic Codes in the instructions:  
 2E 2F 2G 2J 2K 2T 3D

**b** If the plan provides welfare benefits, enter the applicable welfare feature codes from the List of Plan Characteristic Codes in the instructions:

<b>9a</b> Plan funding arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor	<b>9b</b> Plan benefit arrangement (check all that apply) (1) <input type="checkbox"/> Insurance (2) <input type="checkbox"/> Code section 412(e)(3) insurance contracts (3) <input checked="" type="checkbox"/> Trust (4) <input type="checkbox"/> General assets of the sponsor
---	---

**10** Check all applicable boxes in 10a and 10b to indicate which schedules are attached, and, where indicated, enter the number attached. (See instructions)

<b>a Pension Schedules</b> (1) <input checked="" type="checkbox"/> <b>R</b> (Retirement Plan Information) (2) <input type="checkbox"/> <b>MB</b> (Multiemployer Defined Benefit Plan and Certain Money Purchase Plan Actuarial Information) - signed by the plan actuary  (3) <input type="checkbox"/> <b>SB</b> (Single-Employer Defined Benefit Plan Actuarial Information) - signed by the plan actuary	<b>b General Schedules</b> (1) <input checked="" type="checkbox"/> <b>H</b> (Financial Information) (2) <input type="checkbox"/> <b>I</b> (Financial Information – Small Plan) (3) <input type="checkbox"/> <b>A</b> (Insurance Information) (4) <input checked="" type="checkbox"/> <b>C</b> (Service Provider Information) (5) <input checked="" type="checkbox"/> <b>D</b> (DFE/Participating Plan Information) (6) <input type="checkbox"/> <b>G</b> (Financial Transaction Schedules)
--	--

<b>SCHEDULE C</b> <b>(Form 5500)</b>  Department of the Treasury Internal Revenue Service  Department of Labor Employee Benefits Security Administration  Pension Benefit Guaranty Corporation	<b>Service Provider Information</b>  This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).  ▶ <b>File as an attachment to Form 5500.</b>	OMB No. 1210-0110
		<b>2009</b>
		<b>This Form is Open to Public Inspection.</b>
For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
<b>A</b> Name of plan GRANGE INSURANCE ASSOCIATION SAVINGS & INVESTMENT PLAN		<b>B</b> Three-digit plan number (PN) ▶ 002
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 GRANGE INSURANCE ASSOCIATION		<b>D</b> Employer Identification Number (EIN) 91-6025140

**Part I Service Provider Information (see instructions)**

You must complete this Part, in accordance with the instructions, to report the information required for **each person** who received, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of monetary value) in connection with services rendered to the plan or the person's position with the plan during the plan year. If a person received **only** eligible indirect compensation for which the plan received the required disclosures, you are required to answer line 1 but are not required to include that person when completing the remainder of this Part.

**1 Information on Persons Receiving Only Eligible Indirect Compensation**

**a** Check "Yes" or "No" to indicate whether you are excluding a person from the remainder of this Part because they received only eligible indirect compensation for which the plan received the required disclosures (see instructions for definitions and conditions)..... ☒ Yes ☐ No

**b** If you answered line 1a "Yes," enter the name and EIN or address of each person providing the required disclosures for the service providers who received only eligible indirect compensation. Complete as many entries as needed (see instructions).

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

FID.INV.INST.OPS.CO.  
  
04-2647786

**(b)** Enter name and EIN or address of person who provided you disclosure on eligible indirect compensation

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

**(b)** Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

(b) Enter name and EIN or address of person who provided you disclosures on eligible indirect compensation

**2. Information on Other Service Providers Receiving Direct or Indirect Compensation.** Except for those persons for whom you answered "yes" to line 1a above, complete as many entries as needed to list each person receiving, directly or indirectly, \$5,000 or more in total compensation (i.e., money or anything else of value) in connection with services rendered to the plan or their position with the plan during the plan year. (See instructions).

**(a)** Enter name and EIN or address (see instructions)

FIDELITY INVESTMENTS INSTITUTIONAL

04-2647786

<b>(b)</b> Service Code(s)	<b>(c)</b> Relationship to employer, employee organization, or person known to be a party-in-interest	<b>(d)</b> Enter direct compensation paid by the plan. If none, enter -0-.	<b>(e)</b> Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	<b>(f)</b> Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	<b>(g)</b> Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	<b>(h)</b> Did the service provider give you a formula instead of an amount or estimated amount?
64 37 65 60	RECORDKEEPER	2694	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>	0	Yes <input checked="" type="checkbox"/> No <input type="checkbox"/>

**(a)** Enter name and EIN or address (see instructions)

<b>(b)</b> Service Code(s)	<b>(c)</b> Relationship to employer, employee organization, or person known to be a party-in-interest	<b>(d)</b> Enter direct compensation paid by the plan. If none, enter -0-.	<b>(e)</b> Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	<b>(f)</b> Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	<b>(g)</b> Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	<b>(h)</b> Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**(a)** Enter name and EIN or address (see instructions)

<b>(b)</b> Service Code(s)	<b>(c)</b> Relationship to employer, employee organization, or person known to be a party-in-interest	<b>(d)</b> Enter direct compensation paid by the plan. If none, enter -0-.	<b>(e)</b> Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	<b>(f)</b> Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	<b>(g)</b> Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	<b>(h)</b> Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**(a)** Enter name and EIN or address (see instructions)

<b>(b)</b> Service Code(s)	<b>(c)</b> Relationship to employer, employee organization, or person known to be a party-in-interest	<b>(d)</b> Enter direct compensation paid by the plan. If none, enter -0-.	<b>(e)</b> Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	<b>(f)</b> Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	<b>(g)</b> Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	<b>(h)</b> Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**(a)** Enter name and EIN or address (see instructions)

<b>(b)</b> Service Code(s)	<b>(c)</b> Relationship to employer, employee organization, or person known to be a party-in-interest	<b>(d)</b> Enter direct compensation paid by the plan. If none, enter -0-.	<b>(e)</b> Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	<b>(f)</b> Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	<b>(g)</b> Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	<b>(h)</b> Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**(a)** Enter name and EIN or address (see instructions)

<b>(b)</b> Service Code(s)	<b>(c)</b> Relationship to employer, employee organization, or person known to be a party-in-interest	<b>(d)</b> Enter direct compensation paid by the plan. If none, enter -0-.	<b>(e)</b> Did service provider receive indirect compensation? (sources other than plan or plan sponsor)	<b>(f)</b> Did indirect compensation include eligible indirect compensation, for which the plan received the required disclosures?	<b>(g)</b> Enter total indirect compensation received by service provider excluding eligible indirect compensation for which you answered "Yes" to element (f). If none, enter -0-.	<b>(h)</b> Did the service provider give you a formula instead of an amount or estimated amount?
			Yes <input type="checkbox"/> No <input type="checkbox"/>	Yes <input type="checkbox"/> No <input type="checkbox"/>		Yes <input type="checkbox"/> No <input type="checkbox"/>

**Part I Service Provider Information (continued)**

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
ABF LG CAP VAL INV - STATE STREET B  04-1867445	0.35%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
COL ACORN SELECT Z - COLUMBIA MANAG  04-2838628	0.35%	
(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0
(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.	
LD ABBETT MIDCPVAL P - DST SYSTEMS,  43-1581814	0.45%	

**Part I Service Provider Information (continued)**

**3** If you reported on line 2 receipt of indirect compensation, other than eligible indirect compensation, by a service provider, and the service provider is a fiduciary or provides contract administrator, consulting, custodial, investment advisory, investment management, broker, or recordkeeping services, answer the following questions for (a) each source from whom the service provider received \$1,000 or more in indirect compensation and (b) each source for whom the service provider gave you a formula used to determine the indirect compensation instead of an amount or estimated amount of the indirect compensation. Complete as many entries as needed to report the required information for each source.

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
OAKMARK FUND I - BOSTON FINANCIAL D  04-2526037	0.35%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation
FIDELITY INVESTMENTS INSTITUTIONAL	60	0

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.
PIMCO TOT RETURN ADM - BOSTON FINAN  04-2526037	0.25%

(a) Enter service provider name as it appears on line 2	(b) Service Codes (see instructions)	(c) Enter amount of indirect compensation

(d) Enter name and EIN (address) of source of indirect compensation	(e) Describe the indirect compensation, including any formula used to determine the service provider's eligibility for or the amount of the indirect compensation.



**Part II Service Providers Who Fail or Refuse to Provide Information**

**4** Provide, to the extent possible, the following information for each service provider who failed or refused to provide the information necessary to complete this Schedule.

(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide
(a) Enter name and EIN or address of service provider (see instructions)	(b) Nature of Service Code(s)	(c) Describe the information that the service provider failed or refused to provide

**Part III Termination Information on Accountants and Enrolled Actuaries (see instructions)**  
(complete as many entries as needed)

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>a</b> Name:	<b>b</b> EIN:
<b>c</b> Position:	
<b>d</b> Address:	<b>e</b> Telephone:

Explanation:

<b>SCHEDULE D</b> <b>(Form 5500)</b> <small>Department of the Treasury Internal Revenue Service</small>  <small>Department of Labor Employee Benefits Security Administration</small>	<b>DFE/Participating Plan Information</b>  This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA).  <b>► File as an attachment to Form 5500.</b>	OMB No. 1210-0110  <b>2009</b>  <b>This Form is Open to Public Inspection.</b>
---	--	--

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

<b>A</b> Name of plan <u>GRANGE INSURANCE ASSOCIATION SAVINGS &amp; INVESTMENT PLAN</u>	<b>B</b> Three-digit plan number (PN) <span style="float: right;">►</span>	<u>002</u>
<b>C</b> Plan or DFE sponsor's name as shown on line 2a of Form 5500 <u>GRANGE INSURANCE ASSOCIATION</u>	<b>D</b> Employer Identification Number (EIN) <u>91-6025140</u>	

<b>Part I</b>	<b>Information on interests in MTIAs, CCTs, PSAs, and 103-12 IEs (to be completed by plans and DFEs)</b> (Complete as many entries as needed to report all interests in DFEs)
---------------	--

<b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE: <u>FID MGD INC PORT</u>		
<b>b</b> Name of sponsor of entity listed in (a): <u>FIDELITY MANAGEMENT TRUST COMPANY</u>		
<b>c</b> EIN-PN <u>04-3022712-024</u>	<b>d</b> Entity code <u>C</u>	<b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions) <u>3247733</u>
<b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:		
<b>b</b> Name of sponsor of entity listed in (a):		
<b>c</b> EIN-PN	<b>d</b> Entity code	<b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
<b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:		
<b>b</b> Name of sponsor of entity listed in (a):		
<b>c</b> EIN-PN	<b>d</b> Entity code	<b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
<b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:		
<b>b</b> Name of sponsor of entity listed in (a):		
<b>c</b> EIN-PN	<b>d</b> Entity code	<b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
<b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:		
<b>b</b> Name of sponsor of entity listed in (a):		
<b>c</b> EIN-PN	<b>d</b> Entity code	<b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
<b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:		
<b>b</b> Name of sponsor of entity listed in (a):		
<b>c</b> EIN-PN	<b>d</b> Entity code	<b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)
<b>a</b> Name of MTIA, CCT, PSA, or 103-12 IE:		
<b>b</b> Name of sponsor of entity listed in (a):		
<b>c</b> EIN-PN	<b>d</b> Entity code	<b>e</b> Dollar value of interest in MTIA, CCT, PSA, or 103-12 IE at end of year (see instructions)

**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)**a** Name of MTIA, CCT, PSA, or 103-12 IE:**b** Name of sponsor of entity listed in (a):**c** EIN-PN**d** Entity  
code**e** Dollar value of interest in MTIA, CCT, PSA, or  
103-12 IE at end of year (see instructions)

**Part II Information on Participating Plans (to be completed by DFEs)**

(Complete as many entries as needed to report all participating plans)

**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN**a** Plan name**b** Name of  
plan sponsor**c** EIN-PN

<b>SCHEDULE H</b> <b>(Form 5500)</b> Department of the Treasury Internal Revenue Service Department of Labor Employee Benefits Security Administration Pension Benefit Guaranty Corporation	<b>Financial Information</b> This schedule is required to be filed under section 104 of the Employee Retirement Income Security Act of 1974 (ERISA), and section 6058(a) of the Internal Revenue Code (the Code). <b>► File as an attachment to Form 5500.</b>	OMB No. 1210-0110
		<b>2009</b>
		<b>This Form is Open to Public Inspection</b>

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009		
<b>A</b> Name of plan GRANGE INSURANCE ASSOCIATION SAVINGS & INVESTMENT PLAN	<b>B</b> Three-digit plan number (PN) ►	002
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 GRANGE INSURANCE ASSOCIATION	<b>D</b> Employer Identification Number (EIN) 91-6025140	

<b>Part I</b>	<b>Asset and Liability Statement</b>
---------------	--------------------------------------

**1** Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, and 1i. CCTs, PSAs, and 103-12 IEs also do not complete lines 1d and 1e. See instructions.

Assets		(a) Beginning of Year	(b) End of Year
<b>a</b> Total noninterest-bearing cash .....	<b>1a</b>		
<b>b</b> Receivables (less allowance for doubtful accounts):			
<b>(1)</b> Employer contributions .....	<b>1b(1)</b>	615171	623238
<b>(2)</b> Participant contributions .....	<b>1b(2)</b>		
<b>(3)</b> Other.....	<b>1b(3)</b>		
<b>c</b> General investments:			
<b>(1)</b> Interest-bearing cash (include money market accounts & certificates of deposit) .....	<b>1c(1)</b>		
<b>(2)</b> U.S. Government securities.....	<b>1c(2)</b>		
<b>(3)</b> Corporate debt instruments (other than employer securities):			
<b>(A)</b> Preferred .....	<b>1c(3)(A)</b>		
<b>(B)</b> All other.....	<b>1c(3)(B)</b>		
<b>(4)</b> Corporate stocks (other than employer securities):			
<b>(A)</b> Preferred .....	<b>1c(4)(A)</b>		
<b>(B)</b> Common .....	<b>1c(4)(B)</b>		
<b>(5)</b> Partnership/joint venture interests .....	<b>1c(5)</b>		
<b>(6)</b> Real estate (other than employer real property) .....	<b>1c(6)</b>		
<b>(7)</b> Loans (other than to participants) .....	<b>1c(7)</b>		
<b>(8)</b> Participant loans .....	<b>1c(8)</b>	248596	276011
<b>(9)</b> Value of interest in common/collective trusts.....	<b>1c(9)</b>	2871733	3247733
<b>(10)</b> Value of interest in pooled separate accounts.....	<b>1c(10)</b>		
<b>(11)</b> Value of interest in master trust investment accounts .....	<b>1c(11)</b>		
<b>(12)</b> Value of interest in 103-12 investment entities .....	<b>1c(12)</b>		
<b>(13)</b> Value of interest in registered investment companies (e.g., mutual funds).....	<b>1c(13)</b>	10420441	14994954
<b>(14)</b> Value of funds held in insurance company general account (unallocated contracts).....	<b>1c(14)</b>		
<b>(15)</b> Other .....	<b>1c(15)</b>		

**1d** Employer-related investments:

		(a) Beginning of Year	(b) End of Year
(1) Employer securities .....	<b>1d(1)</b>		
(2) Employer real property .....	<b>1d(2)</b>		
<b>e</b> Buildings and other property used in plan operation .....	<b>1e</b>		
<b>f</b> Total assets (add all amounts in lines 1a through 1e) .....	<b>1f</b>	14155941	19141936

**Liabilities**

<b>g</b> Benefit claims payable .....	<b>1g</b>		
<b>h</b> Operating payables .....	<b>1h</b>		
<b>i</b> Acquisition indebtedness .....	<b>1i</b>		
<b>j</b> Other liabilities .....	<b>1j</b>		
<b>k</b> Total liabilities (add all amounts in lines 1g through 1j) .....	<b>1k</b>	0	0

**Net Assets**

<b>l</b> Net assets (subtract line 1k from line 1f) .....	<b>1l</b>	14155941	19141936
---	-----------	----------	----------

**Part II Income and Expense Statement**

**2** Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. MTIAs, CCTs, PSAs, and 103-12 IEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

**Income**

		(a) Amount	(b) Total
<b>a Contributions:</b>			
(1) Received or receivable in cash from: <b>(A)</b> Employers .....	<b>2a(1)(A)</b>	1070087	
<b>(B)</b> Participants .....	<b>2a(1)(B)</b>	976656	
<b>(C)</b> Others (including rollovers) .....	<b>2a(1)(C)</b>	13693	
(2) Noncash contributions .....	<b>2a(2)</b>		
(3) Total contributions. Add lines <b>2a(1)(A)</b> , <b>(B)</b> , <b>(C)</b> , and line <b>2a(2)</b> .....	<b>2a(3)</b>		2060436
<b>b Earnings on investments:</b>			
(1) Interest:			
<b>(A)</b> Interest-bearing cash (including money market accounts and certificates of deposit) .....	<b>2b(1)(A)</b>		
<b>(B)</b> U.S. Government securities .....	<b>2b(1)(B)</b>		
<b>(C)</b> Corporate debt instruments .....	<b>2b(1)(C)</b>		
<b>(D)</b> Loans (other than to participants) .....	<b>2b(1)(D)</b>		
<b>(E)</b> Participant loans .....	<b>2b(1)(E)</b>	19368	
<b>(F)</b> Other .....	<b>2b(1)(F)</b>		
<b>(G)</b> Total interest. Add lines <b>2b(1)(A)</b> through <b>(F)</b> .....	<b>2b(1)(G)</b>		19368
(2) Dividends: <b>(A)</b> Preferred stock .....	<b>2b(2)(A)</b>		
<b>(B)</b> Common stock .....	<b>2b(2)(B)</b>		
<b>(C)</b> Registered investment company shares (e.g. mutual funds) .....	<b>2b(2)(C)</b>	325997	
<b>(D)</b> Total dividends. Add lines <b>2b(2)(A)</b> , <b>(B)</b> , and <b>(C)</b> .....	<b>2b(2)(D)</b>		325997
(3) Rents .....	<b>2b(3)</b>		
(4) Net gain (loss) on sale of assets: <b>(A)</b> Aggregate proceeds .....	<b>2b(4)(A)</b>		
<b>(B)</b> Aggregate carrying amount (see instructions) .....	<b>2b(4)(B)</b>		
<b>(C)</b> Subtract line <b>2b(4)(B)</b> from line <b>2b(4)(A)</b> and enter result .....	<b>2b(4)(C)</b>		

		(a) Amount	(b) Total
<b>2b</b> (5) Unrealized appreciation (depreciation) of assets: (A) Real estate.....	<b>2b(5)(A)</b>		
(B) Other .....	<b>2b(5)(B)</b>		
(C) Total unrealized appreciation of assets. Add lines <b>2b(5)(A)</b> and <b>(B)</b> .....	<b>2b(5)(C)</b>		
(6) Net investment gain (loss) from common/collective trusts .....	<b>2b(6)</b>		148869
(7) Net investment gain (loss) from pooled separate accounts .....	<b>2b(7)</b>		
(8) Net investment gain (loss) from master trust investment accounts .....	<b>2b(8)</b>		
(9) Net investment gain (loss) from 103-12 investment entities .....	<b>2b(9)</b>		
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds).....	<b>2b(10)</b>		3191174
<b>c</b> Other income.....	<b>2c</b>		
<b>d</b> Total income. Add all <b>income</b> amounts in column (b) and enter total.....	<b>2d</b>		5745844

**Expenses**

<b>e</b> Benefit payment and payments to provide benefits:			
(1) Directly to participants or beneficiaries, including direct rollovers .....	<b>2e(1)</b>	756918	
(2) To insurance carriers for the provision of benefits .....	<b>2e(2)</b>		
(3) Other .....	<b>2e(3)</b>		
(4) Total benefit payments. Add lines <b>2e(1)</b> through <b>(3)</b> .....	<b>2e(4)</b>		756918
<b>f</b> Corrective distributions (see instructions) .....	<b>2f</b>		
<b>g</b> Certain deemed distributions of participant loans (see instructions).....	<b>2g</b>		
<b>h</b> Interest expense.....	<b>2h</b>		
<b>i</b> Administrative expenses: (1) Professional fees .....	<b>2i(1)</b>		
(2) Contract administrator fees .....	<b>2i(2)</b>		
(3) Investment advisory and management fees .....	<b>2i(3)</b>		
(4) Other .....	<b>2i(4)</b>	2931	
(5) Total administrative expenses. Add lines <b>2i(1)</b> through <b>(4)</b> .....	<b>2i(5)</b>		2931
<b>j</b> Total expenses. Add all <b>expense</b> amounts in column (b) and enter total.....	<b>2j</b>		759849

**Net Income and Reconciliation**

<b>k</b> Net income (loss). Subtract line <b>2j</b> from line <b>2d</b> .....	<b>2k</b>		4985995
<b>l</b> Transfers of assets:			
(1) To this plan.....	<b>2l(1)</b>		
(2) From this plan .....	<b>2l(2)</b>		

**Part III Accountant's Opinion**

**3** Complete lines 3a through 3c if the opinion of an independent qualified public accountant is attached to this Form 5500. Complete line 3d if an opinion is not attached.

**a** The attached opinion of an independent qualified public accountant for this plan is (see instructions):

(1) ☐ Unqualified (2) ☐ Qualified (3) ☒ Disclaimer (4) ☐ Adverse

**b** Did the accountant perform a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 103-12(d)? ☒ Yes ☐ No

**c** Enter the name and EIN of the accountant (or accounting firm) below:

(1) Name: CLARK NUBER LLC

(2) EIN: 91-1194016

**d** The opinion of an independent qualified public accountant is **not attached** because:

(1) ☐ This form is filed for a CCT, PSA, or MTIA. (2) ☐ It will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.



**Part IV Compliance Questions**

- 4** CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, 4m, 4n, or 5. 103-12 IEs also do not complete 4j and 4l. MTIAs also do not complete 4l.

During the plan year:

	Yes	No	Amount
<b>a</b> Was there a failure to transmit to the plan any participant contributions within the time period described in 29 CFR 2510.3-102? Continue to answer "Yes" for any prior year failures until fully corrected. (See instructions and DOL's Voluntary Fiduciary Correction Program.).....		X	
<b>b</b> Were any loans by the plan or fixed income obligations due the plan in default as of the close of the plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked.).....		X	
<b>c</b> Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked.) .....		X	
<b>d</b> Were there any nonexempt transactions with any party-in-interest? (Do not include transactions reported on line 4a. Attach Schedule G (Form 5500) Part III if "Yes" is checked.).....		X	
<b>e</b> Was this plan covered by a fidelity bond?.....	X		1000000
<b>f</b> Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty? .....		X	
<b>g</b> Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser? .....		X	
<b>h</b> Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser? .....		X	
<b>i</b> Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements.).....	X		
<b>j</b> Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked, and see instructions for format requirements.).....		X	
<b>k</b> Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan, or brought under the control of the PBGC?.....		X	
<b>l</b> Has the plan failed to provide any benefit when due under the plan? .....		X	
<b>m</b> If this is an individual account plan, was there a blackout period? (See instructions and 29 CFR 2520.101-3.).....		X	
<b>n</b> If 4m was answered "Yes," check the "Yes" box if you either provided the required notice or one of the exceptions to providing the notice applied under 29 CFR 2520.101-3. ....		X	

- 5a** Has a resolution to terminate the plan been adopted during the plan year or any prior plan year?  
If yes, enter the amount of any plan assets that reverted to the employer this year ..... ☐ Yes ☒ No Amount:

- 5b** If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions.)

**5b(1)** Name of plan(s)

5b(2) EIN(s)	5b(3) PN(s)

<b>SCHEDULE R</b> <b>(Form 5500)</b>  Department of the Treasury Internal Revenue Service  Department of Labor Employee Benefits Security Administration  Pension Benefit Guaranty Corporation	<b>Retirement Plan Information</b>  This schedule is required to be filed under section 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).  ▶ <b>File as an attachment to Form 5500.</b>	OMB No. 1210-0110
		<b>2009</b>
		<b>This Form is Open to Public Inspection.</b>

For calendar plan year 2009 or fiscal plan year beginning 01/01/2009 and ending 12/31/2009

<b>A</b> Name of plan <u>GRANGE INSURANCE ASSOCIATION SAVINGS &amp; INVESTMENT PLAN</u>	<b>B</b> Three-digit plan number (PN) ▶ <u>002</u>
<b>C</b> Plan sponsor's name as shown on line 2a of Form 5500 <u>GRANGE INSURANCE ASSOCIATION</u>	<b>D</b> Employer Identification Number (EIN) <u>91-6025140</u>

<b>Part I</b>	<b>Distributions</b>
---------------	----------------------

All references to distributions relate only to payments of benefits during the plan year.

<b>1</b> Total value of distributions paid in property other than in cash or the forms of property specified in the instructions.....	<b>1</b>	<u>0</u>
<b>2</b> Enter the EIN(s) of payor(s) who paid benefits on behalf of the plan to participants or beneficiaries during the year (if more than two, enter EINs of the two payors who paid the greatest dollar amounts of benefits):  EIN(s): <u>04-6568107</u>		
Profit-sharing plans, ESOPs, and stock bonus plans, skip line 3.		
<b>3</b> Number of participants (living or deceased) whose benefits were distributed in a single sum, during the plan year.....	<b>3</b>	

<b>Part II</b>	<b>Funding Information</b> (If the plan is not subject to the minimum funding requirements of section 412 of the Internal Revenue Code or ERISA section 302, skip this Part)
----------------	--

<b>4</b> Is the plan administrator making an election under Code section 412(d)(2) or ERISA section 302(d)(2)? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
If the plan is a defined benefit plan, go to line 8.			
<b>5</b> If a waiver of the minimum funding standard for a prior year is being amortized in this plan year, see instructions and enter the date of the ruling letter granting the waiver. Date: Month _____ Day _____ Year _____			
If you completed line 5, complete lines 3, 9, and 10 of Schedule MB and do not complete the remainder of this schedule.			
<b>6 a</b> Enter the minimum required contribution for this plan year .....	<b>6a</b>		
<b>b</b> Enter the amount contributed by the employer to the plan for this plan year .....	<b>6b</b>		
<b>c</b> Subtract the amount in line 6b from the amount in line 6a. Enter the result (enter a minus sign to the left of a negative amount).....	<b>6c</b>		
If you completed line 6c, skip lines 8 and 9.			
<b>7</b> Will the minimum funding amount reported on line 6c be met by the funding deadline? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A
<b>8</b> If a change in actuarial cost method was made for this plan year pursuant to a revenue procedure providing automatic approval for the change or a class ruling letter, does the plan sponsor or plan administrator agree with the change? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No	<input type="checkbox"/> N/A

<b>Part III</b>	<b>Amendments</b>
-----------------	-------------------

<b>9</b> If this is a defined benefit pension plan, were any amendments adopted during this plan year that increased or decreased the value of benefits? If yes, check the appropriate box(es). If no, check the "No" box.....	<input type="checkbox"/> Increase	<input type="checkbox"/> Decrease	<input type="checkbox"/> Both	<input type="checkbox"/> No
--	-----------------------------------	-----------------------------------	-------------------------------	-----------------------------

<b>Part IV</b>	<b>ESOPs</b> (see instructions). If this is not a plan described under Section 409(a) or 4975(e)(7) of the Internal Revenue Code, skip this Part.
----------------	---

<b>10</b> Were unallocated employer securities or proceeds from the sale of unallocated securities used to repay any exempt loan? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>11 a</b> Does the ESOP hold any preferred stock? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>b</b> If the ESOP has an outstanding exempt loan with the employer as lender, is such loan part of a "back-to-back" loan? (See instructions for definition of "back-to-back" loan.) .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No
<b>12</b> Does the ESOP hold any stock that is not readily tradable on an established securities market? .....	<input type="checkbox"/> Yes	<input type="checkbox"/> No

**Part V Additional Information for Multiemployer Defined Benefit Pension Plans**

**13** Enter the following information for each employer that contributed more than 5% of total contributions to the plan during the plan year (measured in dollars). See instructions. *Complete as many entries as needed to report all applicable employers.*

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

**a** Name of contributing employer

**b** EIN

**c** Dollar amount contributed by employer

**d** Date collective bargaining agreement expires (If employer contributes under more than one collective bargaining agreement, check box ☐ and see instructions regarding required attachment. Otherwise, enter the applicable date.) Month \_\_\_\_\_ Day \_\_\_\_\_ Year \_\_\_\_\_

**e** Contribution rate information (If more than one rate applies, check this box ☐ and see instructions regarding required attachment. Otherwise, complete items 13e(1) and 13e(2).)

(1) Contribution rate (in dollars and cents) \_\_\_\_\_

(2) Base unit measure: ☐ Hourly ☐ Weekly ☐ Unit of production ☐ Other (specify): \_\_\_\_\_

- 14** Enter the number of participants on whose behalf no contributions were made by an employer as an employer of the participant for:

<b>a</b> The current year .....	<b>14a</b>	
<b>b</b> The plan year immediately preceding the current plan year .....	<b>14b</b>	
<b>c</b> The second preceding plan year .....	<b>14c</b>	

- 15** Enter the ratio of the number of participants under the plan on whose behalf no employer had an obligation to make an employer contribution during the current plan year to:

<b>a</b> The corresponding number for the plan year immediately preceding the current plan year .....	<b>15a</b>	
<b>b</b> The corresponding number for the second preceding plan year .....	<b>15b</b>	

- 16** Information with respect to any employers who withdrew from the plan during the preceding plan year:

<b>a</b> Enter the number of employers who withdrew during the preceding plan year .....	<b>16a</b>	
<b>b</b> If item 16a is greater than 0, enter the aggregate amount of withdrawal liability assessed or estimated to be assessed against such withdrawn employers .....	<b>16b</b>	

- 17** If assets and liabilities from another plan have been transferred to or merged with this plan during the plan year, check box and see instructions regarding supplemental information to be included as an attachment. .... ☐

**Part VI Additional Information for Single-Employer and Multiemployer Defined Benefit Pension Plans**

- 18** If any liabilities to participants or their beneficiaries under the plan as of the end of the plan year consist (in whole or in part) of liabilities to such participants and beneficiaries under two or more pension plans as of immediately before such plan year, check box and see instructions regarding supplemental information to be included as an attachment ..... ☐

- 19** If the total number of participants is 1,000 or more, complete items (a) through (c)

- a** Enter the percentage of plan assets held as:  
 Stock: \_\_\_\_\_% Investment-Grade Debt: \_\_\_\_\_% High-Yield Debt: \_\_\_\_\_% Real Estate: \_\_\_\_\_% Other: \_\_\_\_\_%
- b** Provide the average duration of the combined investment-grade and high-yield debt:  
☐ 0-3 years ☐ 3-6 years ☐ 6-9 years ☐ 9-12 years ☐ 12-15 years ☐ 15-18 years ☐ 18-21 years ☐ 21 years or more
- c** What duration measure was used to calculate item 19(b)?  
☐ Effective duration ☐ Macaulay duration ☐ Modified duration ☐ Other (specify): \_\_\_\_\_

***GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN***

Financial Statements and Supplemental Schedule  
with Independent Auditors' Report

December 31, 2009 and 2008

## *Table of Contents*

---

	<i>Page</i>
Independent Auditors' Report	1
<b>Financial Statements:</b>	
Statements of Net Assets Available for Plan Benefits	2
Statement of Changes in Net Assets Available for Plan Benefits	3
Notes to Financial Statements	4 - 10
<b>Supplemental Schedule:</b>	
Attachment to Form 5500, Schedule H, Line 4(i)	
Assets Held for Investment Purposes as of December 31, 2009	11

***Independent Auditors' Report******The Audit Committee and 401(k) Committee  
Grange Insurance Association Savings & Investment Plan  
Seattle, WA***

We were engaged to audit the accompanying statements of net assets available for plan benefits of Grange Insurance Association Savings & Investment Plan (the Plan) as of December 31, 2009 and 2008, and the related statement of changes in net assets available for plan benefits and supplemental schedule as of and for the year ended December 31, 2009. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. The plan administrator has informed us that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certification from the trustee as of December 31, 2009 and 2008, and for the year ended December 31, 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information in the Plan's financial statements and supplemental schedule that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Certified Public Accountants  
September 24, 2010

**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

***Statements of Net Assets Available for Plan Benefits  
December 31, 2009 and 2008***

---

	<u>2009</u>	<u>2008</u>
<b>Assets:</b>		
Investments:		
Mutual funds	\$ 14,994,954	\$ 10,420,441
Common collective trust fund	3,247,733	2,871,733
Participant loans	<u>276,011</u>	<u>248,596</u>
Total investments	18,518,698	13,540,770
Employer contributions receivable	<u>623,238</u>	<u>615,171</u>
<b>Net Assets Available for Plan Benefits at Fair Value</b>	<b>19,141,936</b>	<b>14,155,941</b>
Adjustment from fair value to contract value for the fully benefit-responsive common collective trust fund	<u>60,392</u>	<u>154,907</u>
<b>Net Assets Available for Plan Benefits</b>	<b><u>\$ 19,202,328</u></b>	<b><u>\$ 14,310,848</u></b>

*See accompanying notes to financial statements.*



**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

***Statement of Changes in Net Assets Available for Plan Benefits  
For the Year Ended December 31, 2009***

---

**Additions to Net Assets**

Contributions:

Employer	\$ 1,070,087
Employee	976,656
Rollover	<u>13,693</u>

Total contributions 2,060,436

Investment income:

Interest and dividends	362,748
Net appreciation in fair value of investments	<u>3,228,145</u>

Total investment income 3,590,893

**Total Additions 5,651,329**

**Deductions from Net Assets:**

Benefits paid to participants	756,918
Administrative expenses	<u>2,931</u>

**Total Deductions 759,849**

**Net Increase in Net Assets Available for Plan Benefits 4,891,480**

**Net Assets Available for Plan Benefits:**

Beginning of year 14,310,848

**End of Year \$ 19,202,328**

*See accompanying notes to financial statements.*

# **GRANGE INSURANCE ASSOCIATION SAVINGS & INVESTMENT PLAN**

## ***Notes to Financial Statements***

---

### ***Note 1 - Description of the Plan***

The following description of the Grange Insurance Association Savings & Investment Plan (the Plan) provides general information only. Participants should refer to the Plan document for complete information regarding the Plan's definitions, benefits, eligibility and other matters.

**General** - The Plan is a defined contribution plan for the benefit of substantially all employees, except those employees covered by a collective bargaining agreement and leased employees, of Grange Insurance Association (Sponsor). Said employees are eligible to participate in the Plan on the first day of the month after employment. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

**Contributions** - Eligible employees are automatically enrolled in the Plan on the first of each month after employment with a deferral rate of 3% unless otherwise requested by the participant. Participants may elect to defer up to 75% of eligible compensation, as defined in the Plan, subject to certain limitations under the Internal Revenue Code (the Code).

The Sponsor matches 100% of participant contributions up to 3% of eligible compensation and an additional 50% of the portion of deferred salary over 3% but not exceeding 5% of eligible compensation. The Sponsor may also provide discretionary employer profit sharing contributions to be made annually. A participant must be employed by the Sponsor at year-end and earn at least 1,000 hours of service during the Plan year to receive a profit sharing contribution. The profit sharing contribution at December 31, 2009 and 2008 was \$623,238 and \$615,171, respectively.

Participants may allocate their contributions into any one of the funds offered by the Plan at a percentage designated by the participant. The participant may modify the contribution percentage as of the first day of each calendar month, and the participant may elect to commence salary deferral as of the first day of each month.

**Participant Accounts** - Each participant's account is credited with the participant's contributions, the Sponsor's matching contributions, discretionary profit sharing contributions, loans and loan repayments, and an allocation of fund earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**Vesting** - Participants are fully vested in the values of their respective contributions, plus actual earnings thereon. Effective January 1, 2002, active participants achieved 100% vesting in the Sponsor's matching and profit sharing contributions, upon entry into the Plan. Employees who terminated prior to January 1, 2002, with balances in the Plan are subject to the following vesting schedule:

<u>Years of Service</u>	<u>Vested Percentage</u>
0 - 4	0%
5 and greater	100%

**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

***Notes to Financial Statements***

---

***Note 1 - Continued***

**Forfeitures** - Forfeitures are used to reduce the Sponsor's future contributions. At December 31, 2009 and 2008, forfeitures available to offset future matching contributions were \$10,643 and \$47, respectively. No forfeitures were used to reduce Sponsor contributions for the year ended December 31, 2009.

**Benefit Payments** - Upon termination of service, retirement, death, disability, or certain financial hardships, a participant or beneficiary may elect to receive a lump-sum distribution equal to the value of the participant's vested interest in his or her account. Participants may also elect distributions under a systematic withdrawal plan (installments). Participants who have attained age 59 ½ may elect to receive a distribution of all or any portion of their account balance prior to termination of employment (in-service withdrawals). Participants may also elect to receive in-service withdrawals from balances rolled into the Plan.

**Participant Loans** - Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Only one loan is permitted per participant. All loans must have a repayment period which provides for payment to be made not less frequently than quarterly, and for the loan to be amortized on a level basis over a reasonable period of time, not to exceed five years unless the loan is used to acquire a primary residence. The loans are secured by the balance in the participant's account and bear interest at the prime rate plus 0.5%. Principal and interest are paid ratably through monthly payroll deductions.

**Administrative Expenses** - The majority of the administrative expenses of the Plan are paid by the Sponsor.

**Plan Termination** - Although it has not expressed any intent to do so, the Sponsor has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

**Subsequent Events** - The Plan's management has evaluated subsequent events through September 24, 2010, the date on which the Plan's financial statements were available to be issued.

***Note 2 - Significant Accounting Policies***

**Basis of Accounting** - The financial statements of the Plan are prepared on the accrual basis of accounting. Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for plan benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a common collective trust fund. Contract value for the common collective trust fund is based on the net asset value of the fund as reported by the trustee. The statements of net assets available for plan benefits presents the fair value of the investment in the common collective trust fund and the adjustment of the investment in the collective trust fund from fair value to contract value relating to the investment contracts. The statement of changes in net assets available for plan benefits is prepared on a contract value basis.

**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

***Notes to Financial Statements***

---

***Note 2 - Continued***

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets in the statements of net assets available for plan benefits and the additions and deductions in the statement of changes in net assets available for plan benefits, as well as the amounts disclosed in the financial statement footnotes. Actual results could differ from those estimates.

**Investment Valuation and Income Recognition** - The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation in the fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**Benefits Paid to Participants** - Benefits paid to participants are recognized when they are paid. At December 31, 2009 and 2008, there were no amounts allocated to accounts of participants who have elected to withdraw from the Plan, but have not yet been paid.

**Risk and Uncertainties** - All of the Plan's assets consist of investments in mutual funds and common collective trust funds. Investments in stocks and bonds through mutual funds and common collective trust funds bear the risks associated with the performance of the underlying securities. Prices of the underlying securities are subject to change based upon various market, economic, and other factors beyond the control of the Plan's trustee. Due to the level of risk associated with the investments, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for plan benefits and the statement of changes in net assets available for plan benefits.

***Note 3 - Fair Value Measurements***

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1: Unadjusted quoted prices available in active markets for identical assets or liabilities;

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3: Unobservable inputs that are significant to the fair value measurement.

**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

***Notes to Financial Statements***

***Note 3 - Continued***

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

**Mutual Funds** - Valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by the Plan at year-end.

**Common Collective Trust Fund** - The Fidelity Managed Income Portfolio is a common collective trust fund investing primarily in guaranteed investment contracts (GICs). The underlying GICs are fully benefit-responsive and valued using the NAV provided by the fund's trustee. The NAV is based on the fair value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of units outstanding at the valuation date. The fund is traded on a private market that is not active; however, the unit price is based primarily on observable market data of the fund's underlying assets.

**Participant Loans** - Valued at amortized cost which approximates fair value.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value at December 31, 2009 and 2008 (Levels 1, 2, and 3 are defined above):

	<i>Fair Value Measurements at December 31, 2009</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Mutual funds:				
Small cap	\$ 1,102,263	\$ -	\$ -	\$ 1,102,263
Mid cap	1,938,698			1,938,698
Large cap	2,775,565			2,775,565
International stock	1,562,323			1,562,323
Fixed income	2,016,015			2,016,015
Blended	5,600,090			5,600,090
Total mutual funds	14,994,954			14,994,954
Common collective trust fund:				
Stable value		3,247,733		3,247,733
Participant loans			276,011	276,011
	<b><u>\$ 14,994,954</u></b>	<b><u>\$ 3,247,733</u></b>	<b><u>\$ 276,011</u></b>	<b><u>\$ 18,518,698</u></b>

**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

**Notes to Financial Statements**

**Note 3 - Continued**

	<i>Fair Value Measurements at December 31, 2008</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Mutual funds	\$ 10,420,441	\$ -	\$ -	\$ 10,420,441
Common collective trust fund		2,871,733		2,871,733
Participant loans			248,596	248,596
	<b><u>\$ 10,420,441</u></b>	<b><u>\$ 2,871,733</u></b>	<b><u>\$ 248,596</u></b>	<b><u>\$ 13,540,770</u></b>

A reconciliation of the beginning and ending balances for fair value measurements made using significant unobservable inputs (Level 3) is as follows for the year ended December 31, 2009:

	<i>Participant Loans</i>
Balance as of January 1, 2009	\$ 248,596
New borrowings and repayments, net	<u>27,415</u>
<b>Balance as of December 31, 2009</b>	<b><u>\$ 276,011</u></b>

**Note 4 - Investments**

The following presents investments that represent 5% or more of the Plan's net assets as of December 31:

	<i>2009</i>	<i>2008</i>
<b>Mutual Funds:</b>		
Fidelity US Bond Index	\$ 1,631,342	\$ 1,921,883
ABF Large Cap Value	1,047,797	886,812
Fidelity Capital Appreciation	1,230,762	825,774
Fidelity Freedom 2020	1,447,107	737,489
Fidelity Small Cap Stock	1,099,300	*
<b>Common Collective Trust Fund:</b>		
Fidelity Managed Income Portfolio	3,247,733	2,871,733

\* Does not comprise 5% or more of net assets at year-end.

**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

***Notes to Financial Statements***

---

***Note 5 - Information Certified by the Trustee***

The Sponsor has elected the method of compliance permitted by Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Under this provision of ERISA, certain information certified by a qualifying institution need not be subjected to independent audits. The Sponsor has obtained certification from the trustee, Fidelity Management Trust Company, that the following information provided by the trustee and included in the Plan's financial statements and supplemental schedule is complete and accurate:

- Fair value and, if applicable, contract value of investments as of December 31, 2009 and 2008;
- Investment and other income earned for the year ended December 31, 2009; and
- Investment transactions for the year ending December 31, 2009.

***Note 6 - Party-In-Interest Transactions***

The Plan invests in shares of mutual funds and a common collective trust fund managed by an affiliate of the trustee. Transactions in such investments and fees charged by the affiliate directly to the funds for managing the investments, qualify as party-in-interest transactions, which are exempt from the rules governing prohibited transactions under ERISA.

***Note 7 - Income Tax Status***

The underlying non-standardized prototype plan has received an opinion letter from the Internal Revenue Service (IRS) dated March 31, 2008, stating that the form of the Plan is qualified under Section 401(a) of the Code, and therefore, the related trust is tax exempt. In accordance with Revenue Procedure 2005-6, the Sponsor has determined that it is eligible to and has chosen to rely on the current IRS prototype plan opinion letter. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Sponsor believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

***Note 8 - Reconciliation of Financial Statements to Form 5500***

The following is a reconciliation of net assets available for plan benefits per the financial statements to the Form 5500 at December 31:

	<u>2009</u>	<u>2008</u>
Net assets available for plan benefits per the financial statements	\$ 19,202,328	\$ 14,310,848
Less: Adjustment from contract value to fair value for the fully benefit-responsive common collective trust fund	<u>(60,392)</u>	<u>(154,907)</u>
<b>Net Assets Available for Plan Benefits per Form 5500</b>	<b><u>\$ 19,141,936</u></b>	<b><u>\$ 14,155,941</u></b>

**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

***Notes to Financial Statements***

---

***Note 8 - Continued***

The following is a reconciliation of the net increase in net assets available for plan benefits per the financial statement to the Form 5500 for the year ended December 31, 2009:

Net increase per the financial statements	\$ 4,891,480
Change in the adjustment from contract value to fair value for the fully benefit-responsive common collective trust fund from December 31, 2008 to December 31, 2009	<u>94,515</u>
<b>Increase in Net Assets per the Form 5500</b>	<b><u>\$ 4,985,995</u></b>



***SUPPLEMENTAL SCHEDULE***

**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

**Attachment to Form 5500, Schedule H, Line 4(i)  
Assets Held for Investment Purposes as of December 31, 2009**

EMPLOYER: Grange Insurance Association

EIN: 91-6025140

Plan #: 002

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
*	Fidelity Managed Income Portfolio	Common collective trust; 3,308,125 units	**	\$ 3,247,733
*	Fidelity Pimco Total Return	Mutual fund; 35,618 shares	**	384,673
	ABF Large Cap Value	Mutual fund; 63,812 shares	**	1,047,797
	Columbia Acorn Select Z	Mutual fund; 22,922 shares	**	535,906
*	Fidelity Value	Mutual fund; 8,485 shares	**	483,135
*	Fidelity Balanced	Mutual fund; 30,189 shares	**	493,891
*	Fidelity Capital Appreciation	Mutual fund; 57,432 shares	**	1,230,762
*	Fidelity Low Price Stock	Mutual fund; 28,793 shares	**	919,657
*	Fidelity Worldwide	Mutual fund; 50,750 shares	**	815,546
*	Fidelity Diversified International	Mutual fund; 26,671 shares	**	746,777
*	Fidelity Small Cap Independent	Mutual fund; 213 shares	**	2,964
*	Fidelity Small Cap Stock	Mutual fund; 68,965 shares	**	1,099,300
*	Fidelity Freedom Income	Mutual fund; 2,084 shares	**	22,387
*	Fidelity Freedom 2000	Mutual fund; 3,326 shares	**	37,747
*	Fidelity Freedom 2010	Mutual fund; 35,464 shares	**	443,658
*	Fidelity Freedom 2020	Mutual fund; 115,307 shares	**	1,447,107
*	Fidelity Freedom 2030	Mutual fund; 41,020 shares	**	508,239
	Spartan US Equity Index	Mutual fund; 12,605 shares	**	497,006
*	Fidelity US Bond Index	Mutual fund; 147,499 shares	**	1,631,342
*	Fidelity Freedom 2040	Mutual fund; 64,622 shares	**	462,694
*	Fidelity Freedom 2005	Mutual fund; 10,450 shares	**	104,817
*	Fidelity Freedom 2015	Mutual fund; 89,456 shares	**	932,136
*	Fidelity Freedom 2025	Mutual fund; 75,677 shares	**	786,284
*	Fidelity Freedom 2035	Mutual fund; 25,717 shares	**	263,852
*	Fidelity Freedom 2045	Mutual fund; 9,253 shares	**	78,374
*	Fidelity Freedom 2050	Mutual fund; 2,264 shares	**	18,903
		Rates from 3.75% to 10.00%, maturing		
*	Participant Loans	through November 2015	0	276,011
<b>Total</b>				<b>\$ 18,518,698</b>

\* Party-in-interest as defined by section 3(14) of ERISA.

\*\* Historical cost information omitted with respect to assets held for investment purposes on participant-directed individual account balances.

See independent auditors' report.

***GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN***

Financial Statements and Supplemental Schedule  
with Independent Auditors' Report

December 31, 2009 and 2008

## *Table of Contents*

---

	<i>Page</i>
Independent Auditors' Report	1
<b>Financial Statements:</b>	
Statements of Net Assets Available for Plan Benefits	2
Statement of Changes in Net Assets Available for Plan Benefits	3
Notes to Financial Statements	4 - 10
<b>Supplemental Schedule:</b>	
Attachment to Form 5500, Schedule H, Line 4(i)	
Assets Held for Investment Purposes as of December 31, 2009	11

***Independent Auditors' Report******The Audit Committee and 401(k) Committee  
Grange Insurance Association Savings & Investment Plan  
Seattle, WA***

We were engaged to audit the accompanying statements of net assets available for plan benefits of Grange Insurance Association Savings & Investment Plan (the Plan) as of December 31, 2009 and 2008, and the related statement of changes in net assets available for plan benefits and supplemental schedule as of and for the year ended December 31, 2009. These financial statements and supplemental schedule are the responsibility of the Plan's management.

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the plan administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information summarized in Note 5, which was certified by Fidelity Management Trust Company, the trustee of the Plan, except for comparing the information with the related information included in the financial statements and supplemental schedule. The plan administrator has informed us that the trustee holds the Plan's investment assets and executes investment transactions. The plan administrator has obtained certification from the trustee as of December 31, 2009 and 2008, and for the year ended December 31, 2009, that the information provided to the plan administrator by the trustee is complete and accurate.

Because of the significance of the information in the Plan's financial statements and supplemental schedule that we did not audit, we are unable to, and do not, express an opinion on the accompanying financial statements and supplemental schedule taken as a whole. The form and content of the information included in the financial statements and supplemental schedule, other than that derived from the information certified by the trustee, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.



Certified Public Accountants  
September 24, 2010

**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

***Statements of Net Assets Available for Plan Benefits  
December 31, 2009 and 2008***

---

	<u>2009</u>	<u>2008</u>
<b>Assets:</b>		
Investments:		
Mutual funds	\$ 14,994,954	\$ 10,420,441
Common collective trust fund	3,247,733	2,871,733
Participant loans	<u>276,011</u>	<u>248,596</u>
Total investments	18,518,698	13,540,770
Employer contributions receivable	<u>623,238</u>	<u>615,171</u>
<b>Net Assets Available for Plan Benefits at Fair Value</b>	<b>19,141,936</b>	<b>14,155,941</b>
Adjustment from fair value to contract value for the fully benefit-responsive common collective trust fund	<u>60,392</u>	<u>154,907</u>
<b>Net Assets Available for Plan Benefits</b>	<b><u>\$ 19,202,328</u></b>	<b><u>\$ 14,310,848</u></b>

*See accompanying notes to financial statements.*

**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

***Statement of Changes in Net Assets Available for Plan Benefits  
For the Year Ended December 31, 2009***

---

**Additions to Net Assets**

Contributions:

Employer	\$ 1,070,087
Employee	976,656
Rollover	<u>13,693</u>

Total contributions 2,060,436

Investment income:

Interest and dividends	362,748
Net appreciation in fair value of investments	<u>3,228,145</u>

Total investment income 3,590,893

**Total Additions 5,651,329**

**Deductions from Net Assets:**

Benefits paid to participants	756,918
Administrative expenses	<u>2,931</u>

**Total Deductions 759,849**

**Net Increase in Net Assets Available for Plan Benefits 4,891,480**

**Net Assets Available for Plan Benefits:**

Beginning of year 14,310,848

**End of Year \$ 19,202,328**

*See accompanying notes to financial statements.*

# **GRANGE INSURANCE ASSOCIATION SAVINGS & INVESTMENT PLAN**

## ***Notes to Financial Statements***

---

### ***Note 1 - Description of the Plan***

The following description of the Grange Insurance Association Savings & Investment Plan (the Plan) provides general information only. Participants should refer to the Plan document for complete information regarding the Plan's definitions, benefits, eligibility and other matters.

**General** - The Plan is a defined contribution plan for the benefit of substantially all employees, except those employees covered by a collective bargaining agreement and leased employees, of Grange Insurance Association (Sponsor). Said employees are eligible to participate in the Plan on the first day of the month after employment. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA).

**Contributions** - Eligible employees are automatically enrolled in the Plan on the first of each month after employment with a deferral rate of 3% unless otherwise requested by the participant. Participants may elect to defer up to 75% of eligible compensation, as defined in the Plan, subject to certain limitations under the Internal Revenue Code (the Code).

The Sponsor matches 100% of participant contributions up to 3% of eligible compensation and an additional 50% of the portion of deferred salary over 3% but not exceeding 5% of eligible compensation. The Sponsor may also provide discretionary employer profit sharing contributions to be made annually. A participant must be employed by the Sponsor at year-end and earn at least 1,000 hours of service during the Plan year to receive a profit sharing contribution. The profit sharing contribution at December 31, 2009 and 2008 was \$623,238 and \$615,171, respectively.

Participants may allocate their contributions into any one of the funds offered by the Plan at a percentage designated by the participant. The participant may modify the contribution percentage as of the first day of each calendar month, and the participant may elect to commence salary deferral as of the first day of each month.

**Participant Accounts** - Each participant's account is credited with the participant's contributions, the Sponsor's matching contributions, discretionary profit sharing contributions, loans and loan repayments, and an allocation of fund earnings. Allocations are based on participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

**Vesting** - Participants are fully vested in the values of their respective contributions, plus actual earnings thereon. Effective January 1, 2002, active participants achieved 100% vesting in the Sponsor's matching and profit sharing contributions, upon entry into the Plan. Employees who terminated prior to January 1, 2002, with balances in the Plan are subject to the following vesting schedule:

<u>Years of Service</u>	<u>Vested Percentage</u>
0 - 4	0%
5 and greater	100%



**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

***Notes to Financial Statements***

---

***Note 1 - Continued***

**Forfeitures** - Forfeitures are used to reduce the Sponsor's future contributions. At December 31, 2009 and 2008, forfeitures available to offset future matching contributions were \$10,643 and \$47, respectively. No forfeitures were used to reduce Sponsor contributions for the year ended December 31, 2009.

**Benefit Payments** - Upon termination of service, retirement, death, disability, or certain financial hardships, a participant or beneficiary may elect to receive a lump-sum distribution equal to the value of the participant's vested interest in his or her account. Participants may also elect distributions under a systematic withdrawal plan (installments). Participants who have attained age 59 ½ may elect to receive a distribution of all or any portion of their account balance prior to termination of employment (in-service withdrawals). Participants may also elect to receive in-service withdrawals from balances rolled into the Plan.

**Participant Loans** - Participants may borrow from their accounts a minimum of \$1,000 up to a maximum equal to the lesser of \$50,000 or 50% of their vested account balance. Only one loan is permitted per participant. All loans must have a repayment period which provides for payment to be made not less frequently than quarterly, and for the loan to be amortized on a level basis over a reasonable period of time, not to exceed five years unless the loan is used to acquire a primary residence. The loans are secured by the balance in the participant's account and bear interest at the prime rate plus 0.5%. Principal and interest are paid ratably through monthly payroll deductions.

**Administrative Expenses** - The majority of the administrative expenses of the Plan are paid by the Sponsor.

**Plan Termination** - Although it has not expressed any intent to do so, the Sponsor has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

**Subsequent Events** - The Plan's management has evaluated subsequent events through September 24, 2010, the date on which the Plan's financial statements were available to be issued.

***Note 2 - Significant Accounting Policies***

**Basis of Accounting** - The financial statements of the Plan are prepared on the accrual basis of accounting. Investment contracts held by a defined-contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for plan benefits of a defined-contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the Plan. The Plan invests in investment contracts through a common collective trust fund. Contract value for the common collective trust fund is based on the net asset value of the fund as reported by the trustee. The statements of net assets available for plan benefits presents the fair value of the investment in the common collective trust fund and the adjustment of the investment in the collective trust fund from fair value to contract value relating to the investment contracts. The statement of changes in net assets available for plan benefits is prepared on a contract value basis.

**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

***Notes to Financial Statements***

---

***Note 2 - Continued***

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amount of assets in the statements of net assets available for plan benefits and the additions and deductions in the statement of changes in net assets available for plan benefits, as well as the amounts disclosed in the financial statement footnotes. Actual results could differ from those estimates.

**Investment Valuation and Income Recognition** - The Plan's investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 3 for discussion of fair value measurements.

Purchases and sales are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation in the fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

**Benefits Paid to Participants** - Benefits paid to participants are recognized when they are paid. At December 31, 2009 and 2008, there were no amounts allocated to accounts of participants who have elected to withdraw from the Plan, but have not yet been paid.

**Risk and Uncertainties** - All of the Plan's assets consist of investments in mutual funds and common collective trust funds. Investments in stocks and bonds through mutual funds and common collective trust funds bear the risks associated with the performance of the underlying securities. Prices of the underlying securities are subject to change based upon various market, economic, and other factors beyond the control of the Plan's trustee. Due to the level of risk associated with the investments, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for plan benefits and the statement of changes in net assets available for plan benefits.

***Note 3 - Fair Value Measurements***

GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three levels of the fair value hierarchy are described as follows:

Level 1: Unadjusted quoted prices available in active markets for identical assets or liabilities;

Level 2: Inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities; or

Level 3: Unobservable inputs that are significant to the fair value measurement.

**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

***Notes to Financial Statements***

***Note 3 - Continued***

A financial instrument's level within the fair value hierarchy is based upon the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2009 and 2008.

**Mutual Funds** - Valued at quoted market prices in active markets, which represent the net asset value (NAV) of shares held by the Plan at year-end.

**Common Collective Trust Fund** - The Fidelity Managed Income Portfolio is a common collective trust fund investing primarily in guaranteed investment contracts (GICs). The underlying GICs are fully benefit-responsive and valued using the NAV provided by the fund's trustee. The NAV is based on the fair value of the underlying assets owned by the fund, minus its liabilities, and then divided by the number of units outstanding at the valuation date. The fund is traded on a private market that is not active; however, the unit price is based primarily on observable market data of the fund's underlying assets.

**Participant Loans** - Valued at amortized cost which approximates fair value.

The following tables set forth by level, within the fair value hierarchy, the Plan's assets at fair value at December 31, 2009 and 2008 (Levels 1, 2, and 3 are defined above):

	<i>Fair Value Measurements at December 31, 2009</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Mutual funds:				
Small cap	\$ 1,102,263	\$ -	\$ -	\$ 1,102,263
Mid cap	1,938,698			1,938,698
Large cap	2,775,565			2,775,565
International stock	1,562,323			1,562,323
Fixed income	2,016,015			2,016,015
Blended	5,600,090			5,600,090
Total mutual funds	14,994,954			14,994,954
Common collective trust fund:				
Stable value		3,247,733		3,247,733
Participant loans			276,011	276,011
	<b><u>\$ 14,994,954</u></b>	<b><u>\$ 3,247,733</u></b>	<b><u>\$ 276,011</u></b>	<b><u>\$ 18,518,698</u></b>

**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

**Notes to Financial Statements**

**Note 3 - Continued**

	<i>Fair Value Measurements at December 31, 2008</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
Mutual funds	\$ 10,420,441	\$ -	\$ -	\$ 10,420,441
Common collective trust fund		2,871,733		2,871,733
Participant loans			248,596	248,596
	<b><u>\$ 10,420,441</u></b>	<b><u>\$ 2,871,733</u></b>	<b><u>\$ 248,596</u></b>	<b><u>\$ 13,540,770</u></b>

A reconciliation of the beginning and ending balances for fair value measurements made using significant unobservable inputs (Level 3) is as follows for the year ended December 31, 2009:

	<i>Participant Loans</i>
Balance as of January 1, 2009	\$ 248,596
New borrowings and repayments, net	<u>27,415</u>
<b>Balance as of December 31, 2009</b>	<b><u>\$ 276,011</u></b>

**Note 4 - Investments**

The following presents investments that represent 5% or more of the Plan's net assets as of December 31:

	<i>2009</i>	<i>2008</i>
<b>Mutual Funds:</b>		
Fidelity US Bond Index	\$ 1,631,342	\$ 1,921,883
ABF Large Cap Value	1,047,797	886,812
Fidelity Capital Appreciation	1,230,762	825,774
Fidelity Freedom 2020	1,447,107	737,489
Fidelity Small Cap Stock	1,099,300	*
<b>Common Collective Trust Fund:</b>		
Fidelity Managed Income Portfolio	3,247,733	2,871,733

\* Does not comprise 5% or more of net assets at year-end.

**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

***Notes to Financial Statements***

---

***Note 5 - Information Certified by the Trustee***

The Sponsor has elected the method of compliance permitted by Section 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under ERISA. Under this provision of ERISA, certain information certified by a qualifying institution need not be subjected to independent audits. The Sponsor has obtained certification from the trustee, Fidelity Management Trust Company, that the following information provided by the trustee and included in the Plan's financial statements and supplemental schedule is complete and accurate:

- Fair value and, if applicable, contract value of investments as of December 31, 2009 and 2008;
- Investment and other income earned for the year ended December 31, 2009; and
- Investment transactions for the year ending December 31, 2009.

***Note 6 - Party-In-Interest Transactions***

The Plan invests in shares of mutual funds and a common collective trust fund managed by an affiliate of the trustee. Transactions in such investments and fees charged by the affiliate directly to the funds for managing the investments, qualify as party-in-interest transactions, which are exempt from the rules governing prohibited transactions under ERISA.

***Note 7 - Income Tax Status***

The underlying non-standardized prototype plan has received an opinion letter from the Internal Revenue Service (IRS) dated March 31, 2008, stating that the form of the Plan is qualified under Section 401(a) of the Code, and therefore, the related trust is tax exempt. In accordance with Revenue Procedure 2005-6, the Sponsor has determined that it is eligible to and has chosen to rely on the current IRS prototype plan opinion letter. Once qualified, the Plan is required to operate in conformity with the Code to maintain its qualification. The Sponsor believes the Plan is being operated in compliance with the applicable requirements of the Code and, therefore, believes that the Plan is qualified and the related trust is tax exempt.

***Note 8 - Reconciliation of Financial Statements to Form 5500***

The following is a reconciliation of net assets available for plan benefits per the financial statements to the Form 5500 at December 31:

	<u>2009</u>	<u>2008</u>
Net assets available for plan benefits per the financial statements	\$ 19,202,328	\$ 14,310,848
Less: Adjustment from contract value to fair value for the fully benefit-responsive common collective trust fund	<u>(60,392)</u>	<u>(154,907)</u>
<b>Net Assets Available for Plan Benefits per Form 5500</b>	<b><u>\$ 19,141,936</u></b>	<b><u>\$ 14,155,941</u></b>

**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

***Notes to Financial Statements***

---

***Note 8 - Continued***

The following is a reconciliation of the net increase in net assets available for plan benefits per the financial statement to the Form 5500 for the year ended December 31, 2009:

Net increase per the financial statements	\$ 4,891,480
Change in the adjustment from contract value to fair value for the fully benefit-responsive common collective trust fund from December 31, 2008 to December 31, 2009	<u>94,515</u>
<b>Increase in Net Assets per the Form 5500</b>	<b><u>\$ 4,985,995</u></b>

***SUPPLEMENTAL SCHEDULE***

**GRANGE INSURANCE ASSOCIATION  
SAVINGS & INVESTMENT PLAN**

**Attachment to Form 5500, Schedule H, Line 4(i)  
Assets Held for Investment Purposes as of December 31, 2009**

EMPLOYER: Grange Insurance Association

EIN: 91-6025140

Plan #: 002

(a)	(b) Identity of Issuer, Borrower, Lessor, or Similar Party	(c) Description of Investment Including Maturity Date, Rate of Interest, Collateral, Par or Maturity Value	(d) Cost	(e) Current Value
*	Fidelity Managed Income Portfolio	Common collective trust; 3,308,125 units	**	\$ 3,247,733
*	Fidelity Pimco Total Return	Mutual fund; 35,618 shares	**	384,673
	ABF Large Cap Value	Mutual fund; 63,812 shares	**	1,047,797
	Columbia Acorn Select Z	Mutual fund; 22,922 shares	**	535,906
*	Fidelity Value	Mutual fund; 8,485 shares	**	483,135
*	Fidelity Balanced	Mutual fund; 30,189 shares	**	493,891
*	Fidelity Capital Appreciation	Mutual fund; 57,432 shares	**	1,230,762
*	Fidelity Low Price Stock	Mutual fund; 28,793 shares	**	919,657
*	Fidelity Worldwide	Mutual fund; 50,750 shares	**	815,546
*	Fidelity Diversified International	Mutual fund; 26,671 shares	**	746,777
*	Fidelity Small Cap Independent	Mutual fund; 213 shares	**	2,964
*	Fidelity Small Cap Stock	Mutual fund; 68,965 shares	**	1,099,300
*	Fidelity Freedom Income	Mutual fund; 2,084 shares	**	22,387
*	Fidelity Freedom 2000	Mutual fund; 3,326 shares	**	37,747
*	Fidelity Freedom 2010	Mutual fund; 35,464 shares	**	443,658
*	Fidelity Freedom 2020	Mutual fund; 115,307 shares	**	1,447,107
*	Fidelity Freedom 2030	Mutual fund; 41,020 shares	**	508,239
	Spartan US Equity Index	Mutual fund; 12,605 shares	**	497,006
*	Fidelity US Bond Index	Mutual fund; 147,499 shares	**	1,631,342
*	Fidelity Freedom 2040	Mutual fund; 64,622 shares	**	462,694
*	Fidelity Freedom 2005	Mutual fund; 10,450 shares	**	104,817
*	Fidelity Freedom 2015	Mutual fund; 89,456 shares	**	932,136
*	Fidelity Freedom 2025	Mutual fund; 75,677 shares	**	786,284
*	Fidelity Freedom 2035	Mutual fund; 25,717 shares	**	263,852
*	Fidelity Freedom 2045	Mutual fund; 9,253 shares	**	78,374
*	Fidelity Freedom 2050	Mutual fund; 2,264 shares	**	18,903
		Rates from 3.75% to 10.00%, maturing		
*	Participant Loans	through November 2015	0	276,011
<b>Total</b>				<b>\$ 18,518,698</b>

\* Party-in-interest as defined by section 3(14) of ERISA.

\*\* Historical cost information omitted with respect to assets held for investment purposes on participant-directed individual account balances.

See independent auditors' report.